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SUBJECT: EU OUTLINES TRANSATLANTIC PRIORITIES FOR PDAS RIES

Classified By: Pol Minister-Counselor Christopher Davis for reasons 1.4
b,d.

¶1. (U) EU officials took advantage of the timing of EUR PDAS Marcie Ries's Nov. 4-6 visit to Brussels to outline Europe's priorities in working with the incoming Obama administration.

Building on consensus reached by EU foreign ministers at the November 3 informal Gymnich meeting on transatlantic relations, EU officials said their top regional priorities are Russia and the Middle East (to include Iran), and their top global priorities are the international financial crisis and climate change. Other regional priorities include the Balkans, Afghanistan, and China, while other cross-cutting priorities include nuclear non-proliferation, energy security and EU-NATO relations.

Eager for dialogue with President-elect Obama

¶2. (SBU) Czech PSC Ambassador Ivo Sramek said EU foreign ministers would like to invite the new U.S. Secretary of State to a special informal Gymnich with the 27 EU FMs. Sramek said the spring 2009 EU-U.S. Summit, which will take place under the Czech Republic's EU presidency, could be held either in Prague or in Brussels, depending on President Obama's preference. Sramek added that the Czechs were realistic about the number of invitations to Europe the new U.S. President could accept. Mark Vanheukelen, Head of Unit for Transatlantic Relations at the Commission, wondered whether the NATO Summit in early April could be combined with an informal EU summit. Marek Grela, Director of Transatlantic Relations for the Council Secretariat, said he sees in Obama the potential for "clever American leadership" and even more collaboration with Europe in facing global challenges. But, he noted, the euphoria with which Europeans greeted the election will give way to the reality of international problems resistant to easy solutions.

EU wrestles with Russia strategy

¶3. (C) Although the Commission issued a statement Nov. 5 saying that negotiations on a new partnership agreement with Russia should move forward, several EU officials said the consensus is not nearly so clear among member states. Sramek said the Czech Republic believes the EU should articulate clear guidelines and benchmarks that Russia should meet before EU partnership agreement talks with Russia proceed, and then equally clear guidelines to the Commission about its implementation. Speaking in a separate meeting, Grela said President Medvedev's Nov. 5 speech criticizing the U.S. was so inappropriate and poorly timed that it alone could derail partnership talks. PDAS Ries noted that the EU has numerous tools at its disposal when considering its energy policy toward Russia, including the vigorous use of competition policy, unbundling, and alternative oil and gas pipelines

from the Caspian Sea. Grela lamented that the EU was paying the price for not sticking to its previously-agreed strategy toward Russia and for failing to include Russia in discussions about issues important to its national interests.

Grela, who is Polish, said it was "too optimistic" to think that a partnership agreement would much improve Russia's energy policies or human rights situation.

Georgia stable but worrying

¶4. (C) In a separate meeting, Peter Semneby, EU Special Representative for the South Caucasus, said Georgia is doing well economically in the wake of the successful donors conference and appears stable in the short-term. He worries, however, about whether investors will return in the long-term, and whether President Saakashvili is fully committed to freedom of the press, multiple political parties, and other "safety valves" for democratic expression of dissent. Semneby said Saakashvili's recent concentration of decision-making in his own hands is troubling and leads to a system that is "erratic and vulnerable." On the Geneva talks, Semneby said the U.S. and EU must be realistic about what is achievable. The Abkhaz, he said, have more incentive to negotiate seriously than either the Russians, who want to maximize their freedom of action, or the Georgians, who think their negotiation position will strengthen with time. The Abkhaz, however, have gained nothing from recognition of independence by Russia, Nicaragua, and Hamas, and have, instead, found doors that were starting to open for them internationally now closed, Semneby said. Regarding the EUMM, Semneby said the Russians were "deliberately

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"misunderstanding" the monitors' mission so as to create problems along the administrative line, a situation he predicted would deteriorate. PDAS Ries stressed the importance of keeping the Russians to their word on troop withdrawal, adding that it was important to avoid creating any legal basis for the reality the Russians were trying to create on the ground.

Crisis may have silver lining

¶5. (C) Semneby said an unexpected result of the Georgia crisis may be renewed focus on resolving ongoing conflicts elsewhere in the Caucasus, especially Nagorno-Karabakh. "The silver lining from this mess in the summer may be that people are frightened enough to reconsider old positions," he said. A resolution of Nagorno-Karabakh could lead to increased security for both Armenia and Azerbaijan, reduced pressure on vulnerable transportation corridors, and lowered stakes in Georgia, he said. Russia's purchase of seemingly worthless infrastructure assets like railways in Armenia could signal Russian preparations for "another game" in the region, Semneby predicted.

Engaging Syria

¶6. (C) Alan Seatter, Director for North America and much of East Asia at the European Commission, said the Commission is considering expanding its engagement with Syria, a politically "delicate" undertaking that would be closely coordinated with the U.S. One option is to bolster a network of small businesses as a way to break the hold on the economy of a handful of large firms and the Syrian state. Syria's current relationship with Iran is one of convenience and is not in Syria's long-term interest, he said. Asked about Iran sanctions, Seatter said the Commission is considering pressuring banks not to do business with Iran as an alternative to seeking further formal EU sanctions at this time. Seatter also said, however, that we need to be seen to be willing to "step up sanctions" and sharpen their aim so that China, for example, does not fill the void.

Addressing corruption in Afghanistan

¶7. (C) Turning to Afghanistan, Seatter said it will be difficult to sell EU member states and European publics on increased assistance to Afghanistan until steps are taken to control corruption and ensure that current assistance is being used effectively. On Burma, he said the EU undertakes a "collective hand-wringing" from time to time but has little leverage to change the situation there without the assistance of regional players China and India. Building capacity in the health sector, without engaging the Burmese regime, was one activity Seatter thought the Commission could reasonably pursue. On non-proliferation, he said the Commission's focus is shifting away from Eastern Europe and toward Asia and North Africa. It will use its budget of 300 million euro for this program to develop capacity among customs officials, border police, and financial-tracking systems, much as it has been doing in 80 countries for counter-terrorism, he said.

Piracy and other ESDP priorities

¶8. (C) In a separate meeting with PDAS Ries, Claude-France Arnould, Director for Defense Issues in the Council Secretariat, reviewed a number of ESDP issues, including counter-piracy, Bosnia and the Democratic Republic of Congo (DRC). Describing EU progress on its counter-piracy mission, which should be launched in mid-December, Arnould said it could have as many as six ships, with an operational headquarters in Northwood UK, a force headquarters afloat, and logistics support provided via Djibouti. She acknowledged that legalities surrounding the detention and prosecution of suspected pirates present a thorny issue and welcomed PDAS Ries's presentation of the Suppression of Unlawful Acts as a mechanism which could be examined. Arnould also said her office was working closely with Deputy SACEUR Gen. McColl to ensure close coordination of EU and NATO efforts, though she said the parties agree that this coordination should be kept quiet enough not to raise political problems on EU-NATO coordination.

¶9. (C) On the DRC, Arnould was interested in readouts of A/S Frazer's meetings in the region, especially on the issue of how much influence Rwanda is exercising over Nkunda. She said there was no political will for an ESDP military

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operation at the moment and that member states prefer to provide support such as imagery intelligence to MONUC. On Operation Althea in Bosnia, Arnould described general agreement among member states to transition eventually from the current mission to a training mission under Berlin Plus. Under this arrangement, NATO would advise the Bosnian army, while the EU would provide training.

¶10. (U) PDAS Ries has cleared this report.

SILVERBERG

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